State of California **Employment Training Panel**

M e m o r a n d u m

To: Panel Members

Date: December 19, 2002

From: Creighton Chan, Manager
Peter DeMauro, General Counsel

Analyst: A. Nastari

Subject: One-Step Agreement for **Paramit Corporation** (www.paramit.com)

CONTRACTOR:

- Training Project Profile: Retraining companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace, Locating into or expansion within California, Promotion of California's manufacturing workforce
- Type of Industry: Manufacturing Electronics
- Repeat Contractor: Yes
- Contractor's Full Time Employees:
  - Company Wide: 270
  - In California: 270
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: $409,240
- Substantial Contribution: $0
- Total ETP Funding: $409,240
- In-Kind Contribution: $727,783
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Santa Clara
- Duration of Agreement: 24 Months

SUBCONTRACTORS:

California Training Administration, San Jose, California, $46,000 for project administration.

California Training Cooperative, Monterey, California, $200,000 for the delivery of classroom and laboratory training in Manufacturing, Continuous Improvement, and Business Skills.

TruLingua, Newport Beach, California, $125,000, for the Literacy Assessments and the delivery of Literacy Skills.

THIRD PARTY SERVICES:

California Training Administration, San Jose, California, provided assistance with the development of the application, including Training Plan, Curriculum, and other Agreement requirements for a flat fee of $7,500.

NARRATIVE:

As a manufacturer, Paramit Corporation (Paramit), was approved eligible for ETP funded training under Title 22, California Code of Regulations (CCR), Section 4416(b), Out-of-State Competition for companies classified as manufacturers.

Paramit Corporation, founded in 1990 in San Jose, California, is a manufacturer and assembler of electronic circuit boards. In December 2000, Paramit relocated its San Jose facility and headquarters to a 152,000 square feet Electro-Static Discharged (ESD) controlled manufacturing building in Morgan Hill, California. Paramit Corporation's 270 workers provide Electronic Manufacturing Services (EMS), which include engineering design, testing, and support services to the telecommunication, semiconductor, and medical industries, as well as networking, optics and bio-metric companies. Paramit's customers include Asyst Technology, Harmonics, and KLA-Tencor.

In an effort to remain competitive, Paramit must continue to expand its products and services to meet customers' demands; this requires Paramit to have the latest equipment and machines to meet a quick turn-around of high quality products. Additionally, Paramit has determined it needs to transition to a high performance workplace as is evidenced by the high rate of product returned for rework and recent employee assessments and customers' scorecards that indicate its employees' skill levels are below company standard. In addition to reducing scrap and rework, the goal of the company is to establish a certification process for its manufacturing staff. Paramit attributes this low performance to the company's inability to provide structured, systematic training. Currently, training is delivered quickly and incompletely in the form of on-the-job training in order to meet production schedules. Employees have been trained in only job-specific functions without a clear understanding of the manufacturing process and production consequences if the job is not properly completed (which is one of the main requirements of a high performance workplace).

NARRATIVE: (continued)

The company is taking advantage of the slowdown in the economy to implement the training to transition into a high performance workplace. The company's goal is to create a flexible workforce, where the company will be able to move workers within departments in an effort to meet production demands.

Paramit is requesting an ETP-funded training project in Business, Computer, Continuous Improvement, and Manufacturing Skills for its Production Workers, Technicians, Engineers, Administrative, and Management Staff.

Manufacturing Skills - Paramit's new manufacturing facility is technologically diverse allowing workers to design, manufacture, and test electronic products; therefore, workers must also process diverse manufacturing skills. This requires cross-training Engineers, Production Workers, and Technicians in production lines processes. New skills in the proper use of updated tools and manufacturing techniques will reduce rework and product waste, resulting in the production of a cost efficient product.

Non-production workers such as Analysts, Buyers, Account Managers, and Product Managers must also receiving training in Manufacturing Skills in topics such as Demand Flow, Design Manufacturability, and Lean Manufacturing. These skills will enable workers to leverage cost reductions, buy the best materials at competitive prices, and minimize excess inventory.

Continuous Improvement Skills –The company's assessment further revealed that only a few Quality Engineers understand and maintain the company's quality statistics and are able to identify the manufacturing defects and problems throughout the manufacturing lines and within the company. Paramit has never been able to provide training in Continuous Improvement. The company has realized that in order for it to remain competitive it must maintain a 99 percent rate for both customer satisfaction and non-defective products. The only way that it can achieve this rate is for employees to work as a team to identify problems, provide solutions, and assist with the implementation of the solutions.

Training in Team Development, High Performance Work Teams, Statistical Process Improvement (SPC), Six Sigma, Quality Management, and Improvement Kaizens will provide workers with detailed quality assurance tools and processes, which will emphasize consistency and accountability while adhering to strict international standards. The training will also focus on attention to detail, coupled with the constant auditing of the production process, and will enable Paramit to be a qualified manufacturer of Original Equipment Manufacturer (OEM) products throughout the electronics industry. By equipping workers with problem solving and decision-making skills, staff will be empowered to contribute to the company's goal of remaining competitive and cost effective, while increasing efficiency and productivity.

The company's move to a high performance workplace requires staff to take on new leadership roles in order to have successful team outcomes. Staff will be required to lead and mentor teams in identifying problems, providing solutions, and then returning to the work floor to lead staff through the implementation of new processes.

Training topics will consist of Data Gathering, Critical Thinking, Coaching, Performance Management, Motivation, and Rewards and Recognition.

NARRATIVE: (continued)

Computer Skills - Paramit's Engineers, Program Managers, and Technicians must take ownership and responsibility in managing all technical aspects of the customer's manufacturing requirements. Products must be designed and tested before the product is manufactured. They must know how to implement new components, new materials, new chemicals, and new test strategies with zero defects. Computer topics in manufacturing programs will provide workers with the tools required for the customization and manufacturing of customers' products. Workers will be cross-trained in various technical areas to develop a flexible workforce.

Purchasing staff will receive new skills in the selection and procurement of materials from suppliers that offer the best quality at the most competitive price. Additionally, training in Paramit's Material Resource Planning (MRP) system will provide workers with new skills in supply management processes that will allow workers to track materials, create reports, account for material usage, and provide on-time delivery of customer's products.

Business Skills – Several of Paramit's workers have been assigned new job responsibilities that require workers to communicate directly with internal and external customers, through product presentations, development of business plans for future products and services, or negotiation with vendors for cost-effective purchases. Staff require training in topics such as project management, presentation, communication, and negotiation skills in order to promote the company's products and services.

Management Skills – A large part of the company's success in becoming a high performance workplace depends on having a strong management team. Managers, Supervisors, and Leads must be supportive of all workers while coaching and mentoring them during the transition. Training in Motivational Techniques, Proactive Listening, Exercising Influence, and Building/Coaching Constructive Relationships will provide staff with the tools required to develop a well-trained management team.

Literacy Skills – During Paramit's assessment process, the company discovered that several of its employees have minimal vocational English skills. Although they may be proficient in their daily operational functions, some lack the skills needed to properly communicate processes, problems, and solutions.

In order for the proposed training to be successful throughout all departments, the company has identified the need to provide Literacy Skills training to its Production Workers, Technicians, and Shipping/Stockroom Clerks. The proposed training will incorporate daily routine Work Directions, Comprehension of Production Language, as well as Basic Math skills in Production Numbering Systems, Positive and Negative Numbers, and Reading and Understanding Numbers on Charts.

Training will be conducted by in-house and California-based trainers. California Training Administration will provide project administration.

Supplemental Nature of Training

Paramit currently provides company orientation and production training in the form of on-the-job training which is specific to the job function. Workers are given brief training on how to perform the function; if they encounter any problems during production, they must seek additional guidance. Through customer

Supplemental Nature of Training: (continued)

and employees' surveys, the company found that it must now focus on delivering a formal structured training program.

The training outlined in this proposal enhances the workers' existing skills, building upon those provided by the company. They will acquire cross-functional skills that will allow the company to move them within various departments. ETP funds will enable the company to improve customer service and to facilitate the implementation of its new business processes.

In the two years following the ETP-funded training, Paramit plans on providing ongoing product training for all employees as well as basic manufacturing, problem solving, product knowledge and basic computer skills for new employees. The company's projected cost for this training is estimated at $315,000.

In-Kind Contribution

Paramit's in-kind contribution to this training proposal will be approximately $727,783. This includes approximately $348,192 in wages to be paid to retrainees while in training. The remaining $379,591 will cover training related costs such as vendor fees, internal trainers' wages, project administration and training materials, all of which are costs not covered by ETP funds.

COMMENTS:

No executive level staff that set company policy has been included in this proposal.

Participants in this project meet the Panel definition of frontline worker under Title, California Code of Regulations, Section 4400(ee) except for 22 Directors, Managers, and Supervisors.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities. This project will ensure that Paramit provides its employees with skills needed to adapt to a high performance workplace and remain viable in the California economy.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job Numbers 1 – 8 Retrainees	Menu Curriculum consisting of: Business, Computer, Continuous Improvement, Management, and Manufacturing Skills	204	40-180	0	0	$520 - $2,340	*$11.98 - $72.12
Job Number 9 Retrainees	Menu Curriculum consisting of: Business, Computer, Continuous Improvement, Manufacturing, and Literacy Skills	63	160	0	0	$2,080	*$11.98 - $26.92

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
					Range of Hourly Wages *$11.98 - $72.12		
					Prevalent Hourly Wage $14.00		
					Average Cost per Trainee $1,533		
Health Benefit used to meet ETP minimum wage: *Health benefits of at least $3.87 will be added to retrainees' wages to meet the ETP minimum wage of $11.98 per hour for Santa Clara County.					**Turnover Rate** 9.5%	**% of Mgrs & Supervisors to be trained:** 8%	

PARAMIT MENU CURRICULUM

Hours
class/lab
40 - 180

Trainees will receive any of the following Types of Training

Manufacturing Skills

Material Prep
Auto Insertion
Surface Mount Assembly, Electronic Assembly
Circuits
Wave Solder
Current Flow, Final Test
In-Circuit-Test (ICT), Test, Burn-in, Workflow
Surface Mount Technology (SMT)
Surface Mount Rework
Rework processes
Manufacturing Electronics
Component ID: Passive, Active, Electro Mechanical
Component ID: Discreet, Hardware
Induction & Capacitance
Through Hole Technology
Soldering Techniques
Cleanroom processes
Packaging and Shipping, Counting Methods
Compontent Manufacturing Skills
Operating / Maintaining SMT Machine
Electro-Static Discharge (ESD)
Hand Soldering for Terminals
Inspection Techniques, Sampling Inspection
Product and Process Training
Technical Training Skills
Workplace Communications
Medical Device Certification Requirements
Electronic Assembly

Continuous Improvement

Continuous Improvement Tools I & II
High Performance Work teams
Problem Solving, Process Improvement
Data Collection
Understanding Social Styles
Team Development, Team Skills, Team Leadership
Design of Experiments (DOE)
Statistical Process Control (SPC)
Six Sigma
Process Mapping, Sequence of Events (SOE)
Mathmatical Calculations
Quality Mangement
Design for Test
Design for Manufacturability
Improvement Kaizens
Quality Control vs Quality Assurance

Lean Manufacturing System

Just-in-Time Techniques (JIT)
Mass Production
Nine keys to Lean Mnfg.
Strategic Deployment
The 5S Process
Types of Waste
Cellular Manufacturing
Push vs Pull Systems
Kaizen Methodology (PIB)
Value Stream Mapping
Standardized Operations
Waste Reduction
Setup Reduction
Total Productive Maintenance
Production Smoothing

Leadership / Coaching

Decision Making Processes
Data Gathering
Coaching & Communicating for Results
Coaching to Commitment
Giving/Receiving Constructive Feedback
Coaching/Conducting Effective Team Meetings
Developing Leadership
Exercising Influence
Building/Coaching Constructive Relationships
The Responisibilities of Team Leader
Leadership Communications
Effective Team Leader
Strategic Planning
Performance Improvement Kaizen Implementation
Performance Management
Communication system Design

PARAMIT MENU CURRICULUM (cont.)

Hours
class/lab
40 - 180

Trainees will receive any of the following Types of Training

Continuous Improvement (cont.)

Leadership / Coaching skills for the new supervisor
Facilitator/Coaching Skills
Leadership Fundamentals
Performance Management
Rewards and Recognition
Developing Accountability
Critical Thinking
Team Decision Making

Computer Skills

MS Excel - Intermediate, Advanced, Expert
MS Powerpoint - Intermediate, Advanced, Expert
MS Windows / Windows 2000 - Level 2, 3, 4
MS Word - Intermediate, Advanced, Expert
WinZip
Microsoft Tools and Documents
Outlook Express Levels 2, 3, 4
Software - For Project Management
Internet tools
MS Access Levels 2, 3, 4
MS Project Levels 2, 3, 4
Adobe Photshop
Technology Advances
Highspeed Digital Logic
Part Transfer Process
Oracle Training
Electronic Component Designs for Engineering
ECO Process (Engineering Change Orders)
Receiving Inspection (RI)
Factory Automation Designs for Engineers
Computer Aided Design (CAD) data and Net List
Auto CAD, Acrobat and GC Preview
Manufacturing Documentation Processes

Business Skills

Business
Price/Cost Analysis
Project Assessment
Supplier Performance Management
Effective Workplace Communications
Advanced Workplace Communications (Bridge)
Time & Priority Mangement
Creating Loyal Customers
Project Management
Effective Presentation Skills
Business & Report Writing
Finance for Non Financial Managers
Project Planning
Effective Negotiation with Customers & Vendors
Company & Market Overview

Management Skills for Managers, Supervisors, and Leads Only

Business Development
Business Strategy
Effective Leadership / Team Development
Proactive Listening & Understanding
Giving/Receiving Constructive Feedback
Coaching & Mentoring
Exercising Influence
Reviewing Performance
Creative Thinking for improving work environment
Rewards and Recognition/Motivation
Facilitating Improved Performance
Guiding the Development of Others
Building/Coaching Constructive Relationships
Effective Decision Making
Effective Delegation
Facilitation Skills
Setting Performance Goals

PARAMIT MENU CURRICULUM (cont.)

Hours

class/lab

50

Literacy Skills for Job Number 9 Only *

Vocational English as a Second Language (VESL)	Math Skills
Basic English Language Skills	Understanding Numbering Systems
Writing	Fractions
Reading	Decimals
Language Comprehension	Positive and Negative Numbers
Understanding Verbal Directions	Calculations Quality Tools
Communicationg with peers	Adding and Subtracting
Asking for Work Directions	Reading & Understanding number on Charts
Reading Machine Hazards	Charting and Graphing

* Training is limited to 45% of total hours